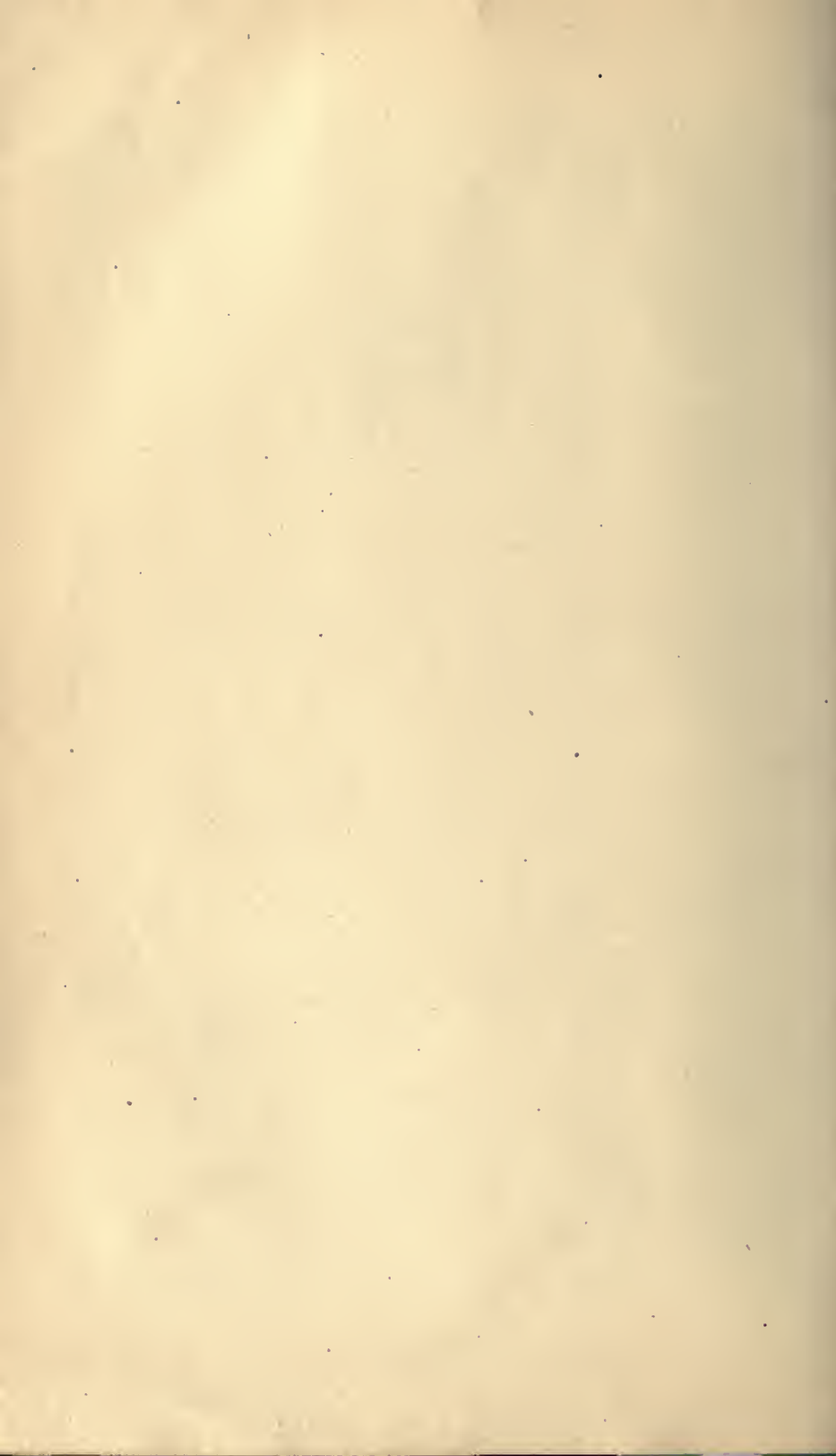




Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation





38

THE
NECESSARY FOUNDATIONS
OF
INDIVIDUAL AND NATIONAL
WELL-BEING,
AND OF
CIVILIZATION:

A LECTURE

*Delivered before the Brooklyn Revenue Reform Club, February 28th, 1883,
and before the Young Republicans of Philadelphia, March 31, 1883,*

BY

HENRY CAREY BAIRD.

“The first, the greatest, the paramount need of man is that of association—the exchange of services, commodities and ideas—with his fellow-men.”

PHILADELPHIA:
HENRY CAREY BAIRD & CO.,
INDUSTRIAL PUBLISHERS, BOOKSELLERS AND IMPORTERS,
810 WALNUT STREET.

1883.

THE NECESSARY FOUNDATIONS OF INDIVIDUAL AND NATIONAL WELL-BEING, AND OF CIVILIZATION.

Permit me to direct your attention this evening to the theme, The Necessary Foundations of Individual and National Well-Being, and of Civilization.

Unsettled Condition of Political Economy.

To hear a certain school of political economists and their followers, here and in England, dogmatically lay down the law, and even insist that the case was closed, one would hardly imagine that their dogmatisms came within a department of knowledge in which nothing whatsoever was placed beyond dispute. But in Political Economy not even the definition of a single important word—political economy itself, for instance—is settled. In 1844 De Quincey, a believer in Ricardo's Theory of Rent, one of the orthodox principles, said of Political Economy: "Nothing can be postulated, nothing can be demonstrated, for anarchy even as to the earliest principles is predominant."

Nothing is to be taken for granted. This fact cannot be too distinctly impressed upon your minds and memories. The professors are not even agreed as to whether it is a science or an art, or a combination of both, or upon the proper and legitimate range of the subject. Therefore is it that they are *ab initio* morally debarred from the practice of dogmatism; and yet with all of these causes, impelling toward modesty, the average political economist is seemingly more confident in his opinions, and certainly more overbearing and arrogant in the expression of them, than any other manner of man to be found in any community. Among the believers in England in what arrogates to itself the name of free trade—merely free foreign trade—for instance, disbelief in this fetich, is regarded, *ipso facto*, as an evidence of such ignorance in the disbeliever, that it is considered as useless as it is hopeless to argue the question with him; and he is then and

there put down with the expression of opinion that the argument is complete and the question decided, and that he is an ignoramus if he does not know and recognize these facts. It need hardly be urged that this is not the spirit in which to approach the investigation of truth. Indeed, the existence of this spirit is proof conclusive that these philosophers and their followers lack full faith in the truth of the doctrines which they would thus, without reason, force upon the acceptance of mankind.

For myself, coming here as I do, a believer in and a representative of that noblest of all the sciences, the *scientia scientiarum*, the American, or, if you please, the Pennsylvania System of Social Science, founded by my late kinsman, Henry C. Carey, I have emphatically to say, that I come not as an apologist for Protection, or for the science upon which it rests. I stand not on the defensive; but I assume the aggressive. This aggression shall strike at the very roots of the system of Political Economy, the "dismal science" of Carlyle, or more properly of Robert Southey, upon which is built the huge and arrogant superstructure falsely denominated free trade; and I shall do this at the outset of my discourse.

Doctrines of Ricardo and Malthus.

The two fundamental doctrines—so-called principles—of the prevailing system of Political Economy are Ricardo's Theory of Rent and Malthus's Law of Population. The first of these is, briefly, that it is the best soils which are occupied first; and that when only those of the first quality are occupied, no rent is paid, but as population increases, and the soils of second quality are brought under cultivation, rent is paid on the first, and so on, through all the different grades, rent steadily increasing on those soils previously occupied as men are driven to the cultivation of those of inferior quality. Thus does the owner of the land receive a steadily growing proportion

of a smaller yield—the condition of the tenant thereby becoming one of more and more complete slavery.

Carey's Law of the Occupation of the Earth.

The trouble about Ricardo's theory is that the history of the settlement of the earth from the earliest ages is entirely at variance with it. When brought to the crucial test of facts, it utterly breaks down. Man has always and of necessity must commence the work of cultivation upon the light soils, mainly on the hills, and only as population and wealth increase is it that he has been enabled to come down on to the strong and heavily-timbered soils, or to the swamps in the valleys enriched by the washings from the hills through the countless ages.

Tracing out the history of the human race from its cradle on the slopes of the Himalayas, through Afghanistan, Persia, and Egypt, with the occupation of the upper Nile, and with Thebes as its first great city, and as population and wealth increase Memphis becoming the capital, we find that the delta of the Nile eventually becomes reclaimed. Greece presents the same facts, the hills of Arcadia and the poor soils of Attica being settled before those richer ones of Ellis and Bœotia. In Italy it is the same—the Samnite Hills, Etruria, Veii and Alba all being peopled before Rome was founded on the banks of the Tiber, and which was there placed upon her seven hills. France, England, and Scotland all go to enforce the same great truth—the most powerful tribes in Gaul, at the time of the Cæsars being found on the flanks of the Alps; while in Cornwall there are indications of a cultivation of great antiquity, together with the ruins of Tintagle Castle, the seat of King Arthur. In the fens of Lincoln and Cambridge shires will be found the most recent lands in England reduced to cultivation, while in the Highlands of Scotland the first lands cultivated have been abandoned as too barren and poor to repay cultivation.

Coming now to this continent, we find the first successful English settlement on the barren soil of Massachusetts—some of the earliest settlements high up on the hills being now, by degrees, abandoned. In New York the poor soil of Manhattan Island and the highlands on the opposite shores first claimed attention, while some of the richest still remain unreclaimed. In New Jersey the highlands at the heads of the rivers, or the light sandy soils near the Delaware, were first settled, while it is only within recent years that the effort has been made to re-

claim the flats, between Newark and Jersey City. Pennsylvania tells the same story—the highlands immediately west of Philadelphia having been settled and even cultivated in the time of William Penn, while the richest flats on the Delaware remain unreclaimed at the present hour. In Ohio the early settled lands are being abandoned, and in Indiana and Illinois the wet prairies are uncultivated and pestilential swamps unreclaimed to this day, while in Mexico, Peru, Brazil and every other part of both North and South America we find the proof of the universality of this law of the occupation of the earth, first given to the world by Carey. Not only is the doctrine true, but it must be so—man occupying that which he can subdue to his use; always in the poor and weak condition of the early settler, the poor soil. He does not commit the aimless folly of occupying that which will subdue, and even through famine and pestilence, destroy him and his family.

The facts and the deductions drawn from them as presented above are fatal not merely to Ricardo's theory, but to the whole superstructure which has been built upon it; John Stuart Mill assuring us that it is "the most important proposition in political economy," and that "were the law different nearly all the phenomena of the production and distribution of wealth would be different."

The Law of Population.

Let us now examine the other fundamental law of the orthodox system, Malthus's Law of Population. By virtue of this law, man has a tendency to increase in numbers more rapidly than food, and but for wars, pestilences and famines, the world would be so thickly populated, that there would be hardly standing room for us. Now, what are the facts? What does comparative physiology teach? That the power of procreation, in all organic life, is in the inverse ratio of development; in other words, of the power to maintain life—the lower forms possessing it in a high degree, and the highest in a low degree. Even the power in man is not a constant quantity, but declines with the growth of his development. These facts are fatal to Malthus's law; and it will one of these days come to be regarded as among the most remarkable of the delusions of a past age. Here is another case where "the law being different, nearly all the phenomena of the production and distribution of wealth" are different. These two foundation-stones of political economy, contributed by Messrs. Ricardo

and Malthus, being disposed of, the whole system which is built upon them may logically be dismissed as a tissue of false assumptions. Indeed, Mr. Mill only claims that political economy is a system of assumptions, he saying of it that it "necessarily reasons from assumptions and not from facts." Here is just the difficulty with all early attempts at what is called science, it being more convenient to propound theories in the study, without an accumulation and an examination of facts, many of which are inaccessible or inexplicable. Indeed, Mr. Mill gives as the reason for following the *a priori* method that "it is vain to hope that truth can be arrived at while we look at the facts in the concrete, clothed in all the complexity with which nature has surrounded them, and endeavor to elicit a general law by a process of induction from a comparison of details, there remains no other method." These reasons would be quite as defensible in the chemist or the natural philosopher, and would result in discords as great as those which obtain throughout political economy; the teachers of which have rested contented with their own verdicts, which have not been tested by facts, the vice of the *a priori* method.*

The Pennsylvania System of Social Science.

How is it with the Pennsylvania system? Has it been content with theories based on assumptions, or has it examined facts and analyzed the movements of society, and from these developed laws? It has given us the true law of the occupation of the earth, and that of population, both based upon the observation of facts, the law of value, which latter is not found in the cost of an article, but in that of reproduction, value being a measure of the resistance to be overcome in getting possession of the thing desired. Thus with all improvements in modes of production, existing things decline in value compared with man, labor becomes more efficient; and a larger proportion of a larger product goes to labor, whose lot thereby becomes in all advancing communities a steadily improving

* A recent American economist, a believer in Ricardo's theory of rent, says of it, "The law is true only hypothetically, and the conditions assumed exist nowhere." So, too, is it in regard to the animal known as the economic man, Mr. Mill saying: "Not that any political economist was ever so absurd as to suppose that mankind is really so constituted, but because this is the mode in which science must necessarily proceed." Such is the orthodox system throughout, hypothetical and hence unreal, and not of, or for this world or its people; hence has it proved to be one of the greatest of all the curses of the human race, savage as well as civilized.

one. This law of distribution is one which introduces both harmony and happiness into the future of the human race.

Association.

But the fundamental law of this system, the one which lies at the basis of all society, the most important condition governing man, still remains to be stated; and is so self-evident that its statement alone is necessary to carry conviction as to its truth, and its far-reaching effects, to every candid, unbiased and intelligent mind. "Man the molecule of society," says Carey, "is the subject of social science. Like all other animals, he requires food and sleep; but his greatest need is that of association with his fellow-men. Born the most helpless of animals, he requires the largest care in infancy. Capable of acquiring the highest degree of knowledge, he is yet destitute of the instinct of the bee, the beaver, and other animals. Dependent for all his knowledge on the experience of himself or others, he needs language for the interchange of thought; and there can be no language without association. Isolate him and he loses the power of speech, and with it the reasoning faculty; restore him to society, and with the return of speech he becomes again the reasoning man."

Here is the pivotal point, the controlling law of man's existence, no one being sufficient unto himself; and the further he advances in culture and civilization the greater his dependence upon his fellow-men, this dependence being in fact at once a measure and a test of his civilization. In the early stages of society, and in isolated communities there is but little societary life; and there man is dependent upon a comparatively few people; while in a city like London, Paris, New York, or Philadelphia, there are many thousands of individuals, each of whom daily calls for the services of millions of men. Indeed, there are few persons here present who do not do this—the purchaser of a copy of the *Herald*, *Tribune*, or *Sun*, thereby calling for the services of the millions of men who have in any way contributed to the production of one of these papers, even so remotely as by making the materials of which the railroads or telegraphs have been constructed—by means of which the raw materials and news have been conveyed—all the way through from the smelters of the metals, in the machinery used in its production, to the makers of the paper and the type, and to the compositors, pressmen, editors, etc.

That there may be association there must be differences among those com-

posing a community, and the greater these differences the more instant the demand for labor power, the most perishable of all commodities, which must be consumed on the instant of its production, or it is lost forever. The measure and test of the power and wealth of any community or country is found in the proportion of its labor power which is not wasted—*more being wasted in every country than is utilized.*

“The more imperfect a being,” says Goethe, “the more do its parts resemble each other, and the more do the parts resemble the whole. The more perfect a being, the more dissimilar are the parts. In the former case, the parts are more or less a repetition of the whole; in the latter they are totally unlike the whole. The more the parts resemble each other, the less is the subordination of one to the other, subordination of parts indicating a high grade of organization.” “Life being a mutual exchange of relations,” says Carey, “where difference does not exist, exchanges cannot take place; and the development of individuality has ever been in the ratio of the power of man to combine with his fellow-men.”

The Necessity for Diversified Industries.

Just here and for these reasons, as may well be seen, comes in the imperative necessity for diversified industries, without which no country is now, nor has it ever been rich, because of its great waste of labor power; and in exact proportion to this diversification of industries is a country rich, powerful, and independent. Let us not be diverted from the contemplation of this great fact by the mere discussion of prices, which only begets the case—*an article bought abroad being dear at any price, when the labor is being wasted at home, which could and would have produced it, had it not thus been bought.* Thus is it that agriculture can only flourish where the plow, the loom, and the anvil work in harmony the one with the others. Without consumers near the farm the productions of the latter must be limited to those few articles, such as wheat, corn, rye, cotton, tobacco, etc., which will bear transportation to a distance, and which are so exhausting to the soil, and made still more so by being consumed away from the farm; thus, while the farmer is being ground under the tax of transportation, there can be no proper rotation of crops, and the result to the soil in this country, and especially in the South, is such that the Hon. Chas. J. Faulkner, of Virginia, felt constrained in 1858 to say:

“During the past summer I heard an opinion expressed by Professor Henry, the distinguished Secretary of the Smithsonian Institute, which struck me at the moment as extravagant, but which a little reflection satisfied me was founded upon the strong probabilities of truth. It was that there was more wealth invested in our soil in fertilizing matter at the moment this continent was discovered by Columbus, than there is at present above the surface in improvements and all other investments. . . . The fertility which ages had accumulated upon its surface has been the capital upon which the farmer has been drawing with reckless prodigality from the first settlement of the country.”

Only with a diversification of employments, and when the consumer is brought to the side of the producer, and the power of association thus becomes great, and wealth increases, is it that the richer soils are brought under cultivation. When these industries decline, men are driven back from the richer to the poorer soils, as in India, Turkey, and Ireland; and only in purely agricultural countries is it that famines take place. These really result not from an absence of food, but from want of the means of procuring it. In 1847, during the famine in Ireland, from which one million of people perished, Ireland was still a large exporter of food to England. That unhappy country is kept in a chronic state of pauperism, anarchy and barbarism because of an absence of diversified industries, and of the power of association, which can come from them alone.

The Part Played by Great Industries in the Social Economy.

Every important industry existing in a country becomes incorporated into, and a part of the very marrow and texture of the societal life of that country; acting like a prime mover, or rather like a great heart, giving and receiving at every moment, at every pulsation, new invigorating and regenerating life and power. The animal organism has but one heart, but the societal one may be said to have as many as there are important industries in it; and as these industries increase in number, these great hearts also increase in number, and as they gain in vigor they impart this vigor to society, which is but another name for ASSOCIATION—to which these industries are as necessary as are the heart and the circulation of the blood to the animal organism.

So great, so complicated, so far-reaching are the ramifications of the effects of the pulsations of these great industrial hearts to society, that thoroughly and completely to analyze and follow up the ebb and flow from and

to one of them, is beyond the power and capacity of the human mind. Permit me, however, for a few moments to direct your attention, inadequately though it be, to some of these phenomena connected with a single industry in giving motion and life to society. I refer to the AMERICAN BESSEMER STEEL RAIL MANUFACTURE, at once the crown and glory, and the practical vindication of the protective policy in the United States within the past decade and a half, and the true and unerring guide to national industrial legislation—Professors Perry and Sumner and those great statesmen in Congress, Messrs. Beck, Carlisle, Tucker, and Morgan to the contrary notwithstanding.

The rail roller in a Bessemer rail mill, who receives the steel in order to heat it and put it through the rolls, receives therefor wages which he expends for fuel, food, clothing, shelter, etc. This expenditure gives vitality to the business of the butcher, the baker, the miller, the dry goods dealer, the coal dealer, etc., etc., and to the investment of the owner of real estate, and through these several persons to the farmer who raises cattle, sheep, wheat, rye, corn, vegetables, milk, butter, fruit, etc.; to the coal operator and thence to his miners and laborers; the raisers of horses and mules and the feed for these latter; to railroads and other carriers, thence to the manufacturers of cotton and woollen fabrics and their workmen, and the producers of raw cotton and wool; the importers of tea, coffee, and sugar, and the refiners of this latter; and from all of these back and through each other, in a ceaseless round of acts of association, the threads of the multitudinous ramifications of which it is as impossible to gather and trace as would be an attempt to count the sands on the seashore.

Here I have merely attempted to indicate the direction in which we may look in order to analyze these movements, and nothing more; beginning and ending with the roller of rails, not attempting to go through the same process with the owner of the Bessemer works; the men who have made the steel itself; the bricklayers, carpenters, iron and steel workers, laborers, etc., who have built these works; the lumbermen and brick-makers who have furnished materials; the manufacturers who have produced the pig iron, the miners and quarrymen who have furnished the iron, coal and limestone; the transporters of all these materials, and countless others who have more or less labored with mind and body to start and keep in motion this great industry, and those others on which it has drawn,

and the other millions of men, women and children who have in one way or another ministered to their wants.

The Entire Cost of Such Rails

as these is but a utilization of labor which would have gone to waste or of raw materials which would have had no value but for this industry—coal, for instance, in the ground on an undeveloped tract not being worth one cent a ton. The commerce which is set in motion by such an industry is in the aggregate many times as large as its own volume, thereby assisting millions of men in the work of complying with the paramount and controlling condition of their nature and upon which their prosperity, civilization and happiness depend,—that of association,—exchanging commodities, services and ideas with their fellow-men. Transfer the present demand for this commodity to Great Britain and to it also is transferred the power of association which accompanies it, involving thereby a decline in the demand for American services, commodities and ideas, and of national wealth and power.

This analysis, inadequate though it be, in showing the wide dissemination of the vitalizing influences which flow from a magnificent industry such as this, at least exposes the utter absurdity of the narrow, fallacious and malignant attacks of the free foreign trader when he treats such industries wholly and solely as means of enriching the heads of the concerns, and them only. A practical illustration of how general is the benefit which flows from such industries, how thorough the solidarity of great interests, is found in the fact that the whole of the last annual dividends of the Pennsylvania Railroad Company—of \$6,890,000—are more than represented in the sums paid to that company by four Bessemer steel and iron manufacturing works on the line of the road, for freights.

Professor Perry on the Effects of Duty on the Price of the Domestic Product.

But just here Prof. Arthur Latham Perry, of Williams College, steps in to disturb my serenity by a private letter, written, however, on my own urgent application, and with the express understanding that its statements were to be used by me on this occasion. In it he says:

“Calling the entire sale of Bessemer steel rails in 1881 twenty parts, more than nineteen parts were domestic made. A little less than one part was foreign made, on which the Government received in duties about \$1,200,000. The tariff tax of \$28 a ton, put on for that very purpose, as you know very well, raised the price of domestic rails on

the average of that year \$25 a ton. Multiply the number of tons of home rails sold that year by twenty-five," adds Prof. Perry, "and you have in dollars *nineteen times the sum* which the Government got on steel rails. I have the exact amounts from official sources of the imported rails and the duties on them, the amount of home rails sold, and the prices of them from the best authorities, and the figures of the argument given above are now in the printer's hands in Boston and will appear in the eighteenth edition of my larger book on Political Economy in the spring. On coarse blankets that year the Government got \$1,058 in duties, the people paid more than a *thousand times* that sum in the artificial prices of blankets caused by the tariff tax. I am prepared to demonstrate that the people have paid more than \$600,000,000 a year on the average of the past twenty years in direct consequence of protective tariff taxes, not one penny of which went to Government."*

This is the same old economic Joe Miller which is referred to by the late Hon. Andrew Stewart, of Pennsylvania, as follows:

"In the debates of 1844-46 it was shown that in 1816 there was a duty of about seven cents a square yard imposed on cotton goods, then selling at twenty-five and thirty cents per yard, by a bill reported by Mr. Lowndes and advocated by Mr. Calhoun, of South Carolina, and that afterwards a duty of \$4 per box was put on glass, three and a half cents per pound on nails, etc., which at the time of the debate appeared to be selling, cotton for six cents a yard, glass at \$3.50 a box, nails at three and a quarter cents a pound, etc. Yet it was still contended, then as now, that the duty was added to the price and paid by the consumer. That is, that the consumer who bought a yard of domestic cotton for six cents paid seven cents duty; on a box of glass he bought for \$3.50 he paid \$4 duty; on a pound of nails he bought for three and a quarter cents he paid a duty of three and a half cents. These facts were not denied, but the theory had to be maintained that the duty was added to the price, or all their speeches about taxation, oppression, etc., would have vanished into air."

The charm of this doctrine of Prof. Perry and his school lies in the fact that the more nearly complete the inde-

pendence of the country becomes in any department of industry, on the like products of which a duty on imports is levied and consequently the less proportionate quantity we import, the more crushing the character of the bill of indictment the professor is able to bring against the American producer of the article, for levying a tax upon the consumer by means of import duties, the equal of which are said to be piled upon the whole American product. *Indeed, the ratio of the magnitude of the Perryian charge of tax extortion, compared with duty actually collected by the Government, is the precise measure and test of the development of an industry in this country.*

For instance, the price of American Bessemer rails having been so high in 1881 that only 1,187,770 out of 1,410,367 tons or $\frac{1}{2}$ —not $\frac{1}{20}$, as stated by Prof. Perry—were of domestic manufacture, under the theory the American manufacturer only levied \$5 tax upon his victims to \$1 collected by Government, instead of \$19 to \$1, as stated by Prof. Perry; and a less amount absolutely. Had the price been only one-half what it was, and $\frac{1}{100}$ been of domestic manufacture, why, of course, under the professor's logic, the American robber would have extorted a tax of \$25 or \$28 a ton on say 1,96,000 tons, instead of on 1,187,770 tons, even though the price were but \$30.57 per ton, leaving only \$2.57 to \$5.57 as the legitimate and honest price of a ton of Bessemer rails!

The Farmer as an Extortioner.

But practically the greatest extortioner in the land under this theory, with the present protective tariff, is the farmer, who has made us more independent of the rest of the world than any other American producer. and for *this very reason*, and who for the crops of 1881 levied taxes upon his poor and unfortunate victims as in the table (See page 8.)

Here is extortion for you! Only \$1,780,000 of duties collected by the Government, and \$264,000,000, or one hundred and fifty-five times as much taxation, levied upon the people by the farmer! Had I selected the crops of these products in 1880, which were nearly one-third larger, although they produced \$128,000,000 less, absurd as it may appear, I should have been able, by following the logic of Prof. Perry, to have shown an extortion of \$88,000,000 greater!

American Blankets.

Prof. Perry makes a strong case against the American producer of blankets, but this is readily explained when you remember that my very able friend, Prof. Denslow, of Chicago, ex-

*Prof. W. G. Sumner, of Yale College, has, under date of February 26th, 1883, given in his adhesion to the same doctrine in the following most remarkable propositions:

"The statistics of pig-iron are: Capital, \$105,000,000; hands employed, 41,700; wages, \$12,600,000 (average, \$1 per day); produced, 3,700,000 tons; value of all products, \$89,000,000; materials used, \$58,000,000; product raised in value, \$31,000,000.

"The imports in 1880 were 600,000 tons; tax, \$7 per ton; revenue, \$4,200,000; tax paid to the home producers, \$25,900,000 (\$7 per ton on 3,700,000 tons). If we had paid full wages and ten per cent. profits to all persons interested in pig-iron to hire them to be idle, but let us get 3,700,000 tons of pig-iron in a free market, the account would have stood thus:

Gain.....	\$25,900,000
Loss—wages.....	\$12,600,000
Ten per cent. on capital.....	10,500,000
	23,100,000
Net gain.....	\$2,800,000

hibited to you here some weeks ago an English and an American blanket,

Table showing the amount of imports and domestic productions of Cereals and Potatoes for the year 1881, with duties and amounts paid into the Treasury, with the amount of bounties paid to the farmer.

ARTICLES.	Quantity Imported.	Rate of Duty.	Revenue received by Government.	Home Products.	Enhanced amount paid to Farmer Monopolists.
	<i>Bushels.</i>	<i>Per Bu.</i>	<i>\$</i>	<i>Bushels.</i>	<i>\$</i>
Corn.....	75,162	10c.	7,516 20	1,194,916,000	119,491,600 00
Wheat.....	10,583	20c.	2,116 60	383,280,000	76,656,018 00
Oats.....	65,276	10c.	6,527 60	416,481,000	41,648,100 00
Barley.....	9,590,938	15c.	1,438,640 80	41,161,380	6,774,190 50
Rye.....	4,680	15c.	702 00	20,704,950	3,105,742 50
Buckwheat..	4,159	10 p. c. = 4.07c.	198 83	9,486,200	356,088 34
Potatoes.....	2,168,049	15c.	325,207 46	102,145,494	16,371,824 10
			<i>\$</i> 1,780,909 63		<i>\$</i> 264,433,563 41

the former invoiced at seventy-nine cents a pound in England and the latter, quite equal in quality, worth seventy-eight cents in Chicago. Thus is it that having so nearly achieved industrial independence in the article of blankets that Prof. Perry is enabled to figure out a tax on the consumer of \$1,058,000, while the Government only got \$1,058 in duties. *Had the price of American blankets been double what it was, and the domestic supply but one-tenth, the extortion would have been but one-tenth.* This glorious muddle, by virtue of which the cheaper a domestic product and the more it is enabled to drive out the foreign the greater the extortion, is indeed a profound principle of social philosophy, and one which is deservedly made the guiding star of the Becks, the Coxes, the Morrisons, the McKenzies, the Kassons and the other great American statesmen who, by means of this light, become so eminently qualified to direct the destinies of a nation of over 50,000,000 of people.

Professor Perry's Necessary Assumptions.

But let us subject the statements of Prof. Perry to a closer and more critical examination, and see whether his conclusions are not founded on premises which are insufficient—whether there are not great and essential factors

in them which are wholly ignored; indeed, if he has not really been practising a little of that *assumption* of Mr. Mill, which has so long made political economy an intellectual quagmire, utterly repulsive to the vast majority of cultivated minds?

In these statements there is an assumption:

First. Either that without protective duties on Bessemer steel rails the American production would have been the same that it now is, or,

Second. That with a constant or a decreased supply and an increased demand there would have been no advance in price; or,

Third. That if dependent upon British production for the principal part, or even for the whole of the British and American demand,—*the latter greater than the whole British production*,—and the other outside demand on Great Britain, the price there would not have been advanced beyond what it actually was in 1881: or,

Fourth, and finally. That in the absence of these protective duties and those on other products entering into competition with American productions, American industrial and societal vitality would have been at so low an ebb, so near unto death's door, that the demand for Bessemer rails in this country would have been so small as to have kept down the price in the face of a decreased production.

There is positively no escape for Professor Perry from one or more of these dilemmas; the attempt to figure out an aggregate of taxation upon American consumers by taking as the sole elements for determining this taxation the amount of American production and the rate of duty upon corresponding foreign products, being incomplete and therefore illogical without assuming one or more of the foregoing conditions.

America's Production, Importation, and Consumption of Pig Iron, with Prices.

To test the force of these essential factors in the argument, which Professor Perry has wholly ignored, I propose to make use of the important Table on page 9.

This period commences with 1841-42, the close of the revenue "compromise tariff act" of 1833, under which with the duty on pig iron on June 30th, 1842, \$3.16 per ton, the country had reached the lowest depths of bankruptcy and despair; the whole period of the protective tariff of 1842, with the duty at \$9 per ton; and nearly the whole period of the revenue tariff of 1846, which closed June 30th, 1857, with the duty at 30 per cent. ad valorem.

Table showing the American production, the prices in New York, the imports and total consumption, and consumption of pounds per capita of Pig Iron, with the population of the United States, annually from 1841 to 1856 inclusive:

YEARS.	Home Production.	Average Price in N. Y.	Imports.	Total Consumption.	Population.	Consumption Per Capita.
1841.....	Tons. 272,500	30.22	Tons. 12,207	Tons. 284,707	17,591,000	Pounds. 36.2
1842.....	230,000	27.22	18,694	248,694	18,132,000	30.7
1843.....	363,750	24.07	3,873	367,623	18,694,000	41.05
1844.....	497,500	25.06	14,944	512,444	19,276,000	50.5
1845.....	631,230	32.42	631,230	1,262,460	19,878,000	74.2
1846.....	765,000	30.62	24,187	789,187	20,500,000	86.2
1847.....	800,000	29.46	27,857	827,857	21,113,000	87.5
1848.....	800,000	29.31	51,632	851,632	21,505,000	87.5
1849.....	650,000	28.82	105,632	755,632	22,459,000	77.2
1850.....	664,755	25.44	74,874	739,629	23,191,876	61.6
1851.....	532,378	25.89	67,230	599,608	23,995,000	56.
1852.....	500,000	22.23	91,874	591,874	24,802,000	53.5
1853.....	660,666	31.81	114,258	774,924	25,615,000	68.3
1854.....	657,378	33.56	160,454	817,832	26,483,000	69.3
1855.....	700,139	31.18	98,925	799,064	27,256,000	65.7
1856.....	788,515	32.58	59,012	847,527	28,083,000	67.8

The Assumptions Examined.

Let me then take up each of the assumptions, the missing factors, in the order in which I have named them, and apply to them the facts given in the foregoing table as follows:

First assumption. That without protection the American production of Bessemer rails would have been the same.

Under the protective tariff of 1842 we see the production of pig iron rise steadily from 230,000 tons in 1842 to 765,000 tons in 1846, the last year of the tariff of 1842; while under the revenue tariff of 1846, but still under the momentum derived from protection, it goes to 800,000 tons in 1847 and 1848, to fall, however, to 650,000 tons in 1849, 564,755 in 1850, 532,378 in 1851, 500,000 in 1852, and finally only reach 788,515 in 1856; but 3 per cent. above what it was in 1846, while the population had increased more than 35 per cent.

Second and third assumptions. That with a constant or a decreased supply, and an increased demand, there would have been no advance in price, or that if dependent upon British production the price in Great Britain would not have been advanced beyond what it actually was in 1881.

Under the tariff of 1842, as we have seen, the supply of American pig iron

steadily and marvellously increased, while under the revenue tariff of 1846, until 1852 inclusive, it declined; and that from 1853 to 1856, the whole supply, domestic and foreign, was as follows:

1853, 780,894 tons. | 1855, 799,084 tons.
1854, 817,822 " | 1856, 847,527 "
or less in the last named year than it was in 1848. Railroad building having received a large impulse from the emigration of the people to the West, and a demand arising, the average of the prices in New York for these four years, 1853-56 inclusive, under the revenue tariff of 1846, was \$34.28 against \$28.19 for the four years 1843-46 inclusive, under protection, the \$6.09 difference being part of the expense at which our British competitors were, and which they charged us for destroying our iron industry—half the iron-works in the country having been sold by the sheriff in 1849-52.

Fourth assumption. Finally, that in the absence of these protective duties, and those on other products entering into competition with American productions, American industrial and societal vitality would have been at so low an ebb that the demand for Bessemer rails would have been so small as to have kept down the price even in the face of a decreased production.

How Free Foreign Trade Reduced Consumption, and ran up Prices.

Well, for the years 1848 to 1852 inclusive, national free foreign trade asphyxia *did* keep down the price of pig iron in despite of a decreased supply and with an increased population; for while in 1848 we find the total supply, foreign and domestic, 851,632 tons, and the population 21,805,000, or 87.5 lbs. per capita, the price in New York was \$29.31, in 1852 the supply was but 591,874 tons, and the population 24,802,000, or but 53.5 lbs. per capita, the price was but \$22.23. However, while the consumption never in 1853-6, went beyond 69.3 lbs. per capita, which was reached in 1854, against 87.7 lbs. in 1847, the price ran as high as \$38.56, being \$5.94 per ton more than was reached in 1845, the highest year under the protective tariff of 1842. So even national free foreign trade asphyxia, which had succeeded in reducing the power of the country to consume pig iron by 20 per cent. per capita, did not succeed in keeping down the price. This lamentable fact was owing to the impulse which the gold of California gave to business throughout the world. But for this the consumption might have been kept down to 50 or 53 lbs. per head, and the price have

remained where it was in 1850; and here would have been a hook on which to hang this profound principle of free foreign trade political economy.

In 1881 the American production alone of pig iron was 4,144,250 gross tons, equal to 180 lbs. per capita of the population, or more than twice the domestic and foreign supply combined during any year of the existence of the revenue tariff of 1846; and nearly three times the average of six years of it, 1851 to 1856 inclusive.

The Bessemer Rail Industry.

But it may be said that these facts have only reference to pig iron, and not to Bessemer rails. The magnificent American Bessemer rail industry, the practical exemplification of the beneficence of the protective policy in this country, of which it is a child, and which has as we have seen been traduced by an advocate of free foreign trade ideas, never having been exposed to the chilling blasts of that monstrous philosophy in practice, it is impossible to institute a comparison between its respective rates of growth under the two systems. It should, however, be enough to show that in the seventeen years, 1866 to 1882 inclusive, it has grown from nothing to the grand dimensions here given, as follows:

Table of the statistics of the annual production of steel rails in the United States, since the commencement of their manufacture, together with the annual average price at which they have been sold in the works in Pennsylvania, and the rate of duties imposed on foreign rails.

YEARS.	Product in Gross Tons.	Price in Currency.	Duty.
1867.....	2,277	\$166 00	} 45 per cent. ad valorem. \$28 per ton to Aug. 1, 1872; \$25.20 to Mar. 3, 1875; \$28 from that date.
1868.....	6,451	158 50	
1869.....	8,616	132 25	
1870.....	30,357	106 75	
1871.....	34,152	102 50	
1872.....	63,991	112 00	
*1873.....	115,192	120 50	
1874.....	129,414	94 25	
1875.....	259,699	68 75	
1876.....	368,269	59 25	
1877.....	385,865	45 50	
1878.....	491,427	42 25	
†1879.....	610,682	48 33	
†1880.....	852,196	67 50	
†1881.....	1,187,770	61 13	
1882.....	1,194,800	48 67	

To this may be added the following table of the production of Bessemer steel rails in the United States and

Great Britain in 1880 and 1881, in gross tons.

COUNTRIES.	1880.	1881.	Increase.
United States.....	<i>Tons.</i> 852,196	<i>Tons.</i> 1,187,770	<i>Tons.</i> 335,574
Great Britain.....	739,910	1,023,740	283,830
Excess of U. S. over Great Britain.....	112,286	164,030	51,744

These two exhibits demonstrate that, not only have we reduced the price of Bessemer rails from \$166 a ton in 1867, at which time they were far cheaper, their wearing capacity considered, than iron rails at their then current price (\$83.12), but that we in 1880 passed our old industrial enemy in this great industry and even indeed widened the breach between us and her in the following year.

If we cannot institute a comparison between the condition of the Bessemer rail industry under free foreign trade, and under protection, under which latter policy it has wholly grown up, we can at all events make a comparison between the prices of these rails under protection and of those of iron under free foreign trade.

We have seen that the prices of Bessemer rails for the past five years, with a duty of \$28 per ton, were as follows:

1878	\$42.25
1879 ... { Years of a new	48.33
1880 ... { railway fever } ...	67.50
1881 ... { and boom in iron } ...	61.13
1882	48.67
Or an average of.....	53.58

While in the closing five years of the revenue tariff of 1846, with a duty of 30 per cent., the prices of iron rails at the mills in eastern Pennsylvania were as follows:

1853	\$77.25
1854	80.12
1855	62.87
1856	64.38
1857	64.25
Or an average of.....	69.77

Or \$16.19 per ton more than the average price of Bessemer rails for the past five years. But as the enduring qualities of iron rails are only one-fifth those of steel rails, this sum of \$69.77 should properly be multiplied by five, which would bring these rails, as compared in force or power with Bessemer rails to \$348.85 per ton, with Bessemer at \$53.58.

What, then, becomes of Professor Perry's charge of extortion against the Bessemer rail manufacturer? It can no more stand confrontation with

* These were the years of railway fever and iron famine.

† These were the years of a new railway fever, and of the boom in the iron trade.

the facts than it can the application of the legitimate processes of reasoning. The true way of comparing price with price is in connection with the force given by the respective things thus compared. The Bessemer industry is the result of the protective duties under which it has alone been built up, and for the last five years it has given to society in this country 6.5 times the force and endurance in the railway rail for the same money which was given under the free foreign trade policy of 1816-61. It will not do to object that this comes from the development of science and art. These only flourish in lands of diversified industries, where the consumer and producer are brought together, where the power of association is great, and man advances in civilization, and obtains control over the gratuitous forces of nature.*

The prices of things depend upon the cost of reproduction and upon the volume of products compared with demand; and this volume of product is itself stimulated or depressed by the relation of the prices obtained to the cost of reproduction—an absence of remunerative demand causing sooner or later a decline in the volume of production.

Effect of Production on Prices.

The influence of the volume of production on prices was never more strikingly illustrated than in the following letter from Mr. J. R. Dodge, Statistician of the Department of Agriculture, to the Hon. Geo. B. Loring, Commissioner of Agriculture, in response to a letter of my own in January last:

* But the question has been asked, how many tons of these rails were exported? Only a trifling amount, and herein lies the crowning beneficence of this industry, that its product was consumed at home.

"Between the production of any commodity whatsoever, and its consumption," says E. Peshine Smith, "the interval, long or short, is one of inertness. It stands the monument of human power and natural forces which, having expended themselves in bringing it into shape, slumber in suspended animation, communicating no impulse to the incessant activity which, from the vegetable to the social order, is the essential characteristic of vitality; but is itself a clog and obstruction involving a draft upon the vital force to put it in motion. It is like an inorganic body contained in and afflicting an organism. The space to overcome, and the time to intervene before it evolves utility by its consumption, becoming then an instrument and a force, are co-efficients of its value, neutralizing in the same proportion the power of the community in which it rests paralyzed. The growth of wealth, therefore, depends upon the rapidity of circulation; not the rapidity with which products are transported in space, nor the frequency of mere changes of ownership, but the continuity of transformations through the immediate succession of actual consumption to production."

If the poor people of Great Britain possessed a power of consumption *per capita* equal to that of the people of this country, her exports of manufactured goods would not figure so grandly in tables of statistics, but her people would be far more happy, far more free, and her civilization would be far higher.

U. S. DEPARTMENT OF AGRICULTURE, DIVISION OF STATISTICS. WASHINGTON, January 17th, 1883.

SIR: The request of Mr. Henry C. Baird for comparison of products and prices of cereals in 1880 and 1881, the former a year of great abundance, the latter the worst for production in recent times, affords opportunity for instructive comparison of the effect of production upon price.

It will be seen that the crops which were comparative failures in 1881 produced more money than the large crops of 1880. This is in part the legitimate result of increased value from relative scarcity, in accordance with the law of supply and demand, and to some extent the effect of speculation, of forestalling and "cornering," for which the small stocks furnished temptation and opportunity.

The rise in corn was about sixty per cent., a greater difference than in the quantities. Unlike wheat, more than a third of which is exported, corn is little affected by foreign demand, as the maximum of exportation is only six per cent. The home demand therefore rules in the price of this cereal.

The crop of oats was an average one, the sole exception in cereals of the year: Why did the price advance from 36 to 46 cents? Simply because oats can be used interchangeably with maize within certain limits. But it could not advance equally with that cereal, because its uses are not identical.

Wheat comes under different conditions. It goes in with the product of Europe, India, Egypt, and the shortage of the grand aggregate governs the price rather than the shortage in this country. It has happened that a very large crop has brought a large price per bushel, and a small crop a medium price. In one case the surplus of this country was all wanted to supply heavy deficiencies elsewhere; in the other, a smaller surplus was in less demand abroad. And this apparent anomaly was thus strictly and truly the natural result of the commercial law of demand.

The following table gives quantities and values, the prices being the average for the United States of the crop in the hands of farmers on the first day of December:

1880.			
Crops.	Bushels.	Value.	Price per Bushel.
Corn.....	1,717,434,543	\$679,714,499	\$0 39.6—
Wheat.....	498,549,868	474,201,850	95 1+
Oats.....	417,885,380	150,213,565	36. —
Barley.....	45,165,346	30,090,742	66.6+
Rye.....	21,540,829	18,564,560	75.6+
Buckwheat.	14,617,535	8,682,488	59.4—
Potatoes.....	167,059,570	81,062,214	48.3+
Total.....	2,885,853,071	\$1,442,559,918	
1881.			
Crops.	Bushels.	Value.	Price per Bushel.
Corn.....	1,194,916,000	\$759,482,170	\$0 63.6—
Wheat.....	383,280,090	456,880,427	1 19.3+
Oats.....	416,481,000	193,198,970	46.4—
Barley.....	41,161,330	33,862,513	82.3—
Rye.....	20,704,950	19,327,415	93.3+
Buckwheat.	9,486,200	8,205,765	86.5+
Potatoes.....	109,145,494	99,291,341	90.9—
Total.....	2,175,175,064	\$1,570,248,541	

A study of quantities and prices of the past ten years, on the basis of the estimates of this department, will afford much information concerning the fluctuations of production and resultant changes in values, and incidentally present very strong evidence of the substantial accuracy of the estimates, showing very conclusively also the absolute necessity of annual statistics of production. Respectfully,

J. R. DODGE,
Statistician.

Hon. GEO. B. LORING.

Professor Perry Answered.

To me it seems that the facts and the reasoning which I have presented against the doctrine of Professor Perry and his school regarding prices are conclusive, and that this letter in regard to the seven crops named settles the question beyond dispute. Not merely have I shown stimulation of domestic production to be an accompaniment of protection, and that it keeps down price, in the face of a great increase in the power of consumption, but that this domestic production is largely destroyed under free foreign trade, and is not compensated for by foreign supply, when even with a great decline in the power of consumption, prices advance beyond what they were under protection.* Further I have accounted for these phenomena by the statement of the quantities and values of the great food crops of the United States; those of 1881, which were 25 per cent. less in quantity, producing 8 per cent. more money than the larger ones of 1880. So great is the influence of supply on price, that had we never established the Bessemer rail industry, which we would not have done without protection, but depended wholly on Great Britain for our supply, even though our power of consumption had been far less, the price would have unquestionably been greater, indeed it is quite probable on the principles developed by the facts shown in regard to the quantities and prices of the

*The power of domestic competition alone to protect consumers from extortion, and the utter absence of any necessity for foreign competition in any industry for which we have an aptitude, is shown in newspapers and photographic portraits; which by their very natures require to be produced, not only at home, but near where the consumer lives, and which thus enjoy not merely protection but *prohibition*. In these two departments of industry, notwithstanding the Associated Press monopoly—in no other country in the world is the public better or more cheaply served. Indeed the state of these two industries, compared with others which have foreign competition, goes far to prove that the effects of foreign competition, so far from benefiting the consumer, by destroying industries, do him real harm by breaking up the steadier and more healthy competition at home, a competition which makes a demand for services, commodities and ideas almost wholly American, thus increasing the home market for these services, commodities and ideas.

American food crops of 1880 and 1881, that the British product of steel rails had it, in 1881, reached even 1,500,000 tons, would under such circumstances have produced a larger aggregate sum of money than the combined British and American product of 2,211,510 tons for that year. I have also demonstrated the narrowness and the total insufficiency of Professor Perry's premises, by reason of his ignoring these great and vital factors, and therefore the fallacious nature of his conclusions, which thereby become utterly unworthy of a moment's consideration, even on the part of the merest tyro in the necessary processes of reasoning.

Breakdown of the Free Foreign Trade Case.

Nay, more, the entire free foreign trade case, as I have shown, breaks down on the question of prices—the only claim it presents for our acceptance. A cause which wholly ignores the ruin of productive industries, for the sake of cheapness, and after the ruin is accomplished, can neither show prices so low as before, nor an equal supply, nor an equal power of consumption, is unworthy of the acceptance of any rational man, unless he be an enemy of the country or the foreigner who is receiving this increased price in the face of decreased demand.

The British Idea of Cheapness.

But high prices are not necessarily and always an unmixed evil. Every period of great prosperity in our history has been accompanied by high prices, especially of land, labor, and raw materials. Those who are in receipt of high remuneration for services and commodities, in turn make a large market for the services and commodities of others. The idea of cheapness which runs throughout British thought, and controls British legislation, and depresses, degrades, and brutalizes the great body of the people, is not merely wicked, but stupid; for it works a damage to British industries by limiting the volume of the home market; the consumption of the products of which industries would make the mass of people at home comfortable, happy, and civilized, thus alike blessing him that gives, and him that takes. Cobden in his campaigns for the repeal of the Corn Laws, held up to the coveting eyes of his poor auditors, the idea of "the big loaf," as a grand result to flow from the free importation of foreign corn, thus ignoring the fact

that large bodies of English, Scotch, and Irish laborers were virtual co-partners in British agriculture; and were certain to be injured by a policy which would throw vast tracts of land out of cultivation in corn and into permanent pasture, in which few hands are needed. This British fetich, cheapness, begins in injustice to the great mass of the people at home, and ends in wars, robberies, opium dealing, and famines abroad, resulting from the efforts to obtain additional markets and revenues which should be had among its own prosperous, well-paid, and happy people, and which would add to the power as well as to the glory of the empire; for from the mass of the people really comes the national force.

The Rational and Philosophical Road to Cheapness.

But there is a real, true, beneficent and civilizing road to cheapness. It is found in a diversification of employments, the strengthening of the power of the people by means of active association, the intelligence which flows from this association, and leads to the highest conquests over the forces of nature; and of their utilization in propelling machinery and producing mechanical and chemical changes in the forms of matter. Thus, and thus only, do raw materials, including land and labor, tend to rise, because they thereby find new utilization; and finished commodities to fall, because of the readiness with which they are converted into finished forms, by the aid of chemical reactions, and by machinery, propelled by water, heat, steam, gas, and electricity. Thus, and thus only does man become free. The power obtained in the harnessing of natural forces into the uses of man, will be made clearly apparent when it is considered that three tons of coal represent the labor power of a man for his lifetime. But when applied to improved machinery of great velocity, working with but little friction, this power is at times, by actual computation, multiplied as much as five-fold; in other words three tons of coal then representing the labor power of *five men* for their entire lives. In the city of Philadelphia for instance, there is a cotton mill, and not one of enormous size, which in 1877 manufactured in every day of ten hours 40,000 *miles* of cotton-yarn, obtaining from eight tons of coal dust the necessary power. Supposing it possible for such a quality of yarn to be made by hand, it would require the labor of 85,000 women working for the same number of hours. In 1870 but 137,876 men,

women, and children were employed in the productive industries of that city; the products of which were of the value of \$334,852,458. Thus did this one cotton mill represent nearly two-thirds of the mere physical power of those persons who produced this great body of commodities. By actual computation from the work done by the mill in the month of February, 1877, and the cost of that work, for human labor to have competed with it unaided by machinery, it would have been necessary for that labor to have worked for 46½-100 of one cent per day wages.

With such increase of force and decline of cost of conversion in human labor, we may calmly leave prices to regulate themselves by means of domestic competition, and the new improvements in machinery and the new knowledge of chemical reactions which are always taking place in a society of high vitality. In such a society, the standard arguments of the average political economist of the free foreign trade persuasion about prices are only worthy of the proprietor of a shop where candy is sold by the stick and gingerbread by the single cake. The power which Great Britain gets from coal and machinery is generally estimated as equal to that of 600,000,000 men, but from a calculation which I myself made a few years since, based upon authentic data as to the cotton spindles in that empire, I am well satisfied that it is at least equal to that of 2,500,000,000 of men.

The Artificial Nature of Civilized Society.

But the free foreign trader objects to the imposition of duties on foreign merchandise, because it introduces an artificial element into society, and interferes with his inalienable right to buy where he can buy cheapest, and sell where he can sell dearest. The fact is, this is *prima facie* evidence in its favor, because this man forms a part of an artificial society—one in which the very clothes, abodes, manners, customs, and modes of living and being are artificial. Indeed, if he is a man of any culture, his own countenance is artificial, being made up by his surroundings and the knowledge which they have given him. The more cultivated and civilized this society, the more fully have the members of it departed from nature. The natural man is found in Africa, in Patagonia, and in a measure among our Indians. The free foreign trader will find his natural rights among such men as these, and among bears, wolves, and catamounts, if he has the strength and cunning necessary to

maintain them. There he will find no custom-houses, no police, no boards of health, no municipal government which will oblige him to lay down pavements for other men and their horses and vehicles to pass over, nor sewers, nor gas-pipes for the use of others, nor will he be obliged to pay for the schooling of other people's children, or be subject to the other restraints of civilized society; but he will probably after a few hours, days, or weeks of this experience, conclude that the restraints and privileges of civilization are far preferable to the discomforts and dangers which accompany the untrammelled exercise of his natural rights in the midst of nature's wild domain; and elect to become a law-abiding member of a society in which the prosperity and happiness of all are the guiding star.

The Rights of American Producers.

And when our free foreign trader comes to look more deeply into the nature of this society, he may even be disposed to abandon his views in favor of free foreign trade on the ground of mere justice to our producers. As it is off of, or from American production, that the whole people, producers and non-producers, live, so it must be on the shoulders of American producers that all national, State, and local taxation finally rests, unless we can transfer some of this taxation to foreigners who seek our markets, which are wholly the fruit of American production. It would therefore be altogether subversive of the rights of these American producers to admit the products of foreigners, except upon the condition that they pay a rate of taxation equal to that paid by American producers—these latter having rights under their own government, which they entirely support, at least equal to those of foreigners. The only rational and proper basis for free-trade, is that wholly between our own people, and not between some of our own people and foreigners; and until every possible means are taken to cast off the existing shackles which hamper the trade between parties wholly American, that between Americans and foreigners must be asked to stand aside and wait its day of realization in the future, and in a new Utopia.*

* By some unaccountable oversight, the free foreign trade philosopher has been permitted to assume a position which could alone belong to an ideal, abstract, unreal community or country; wholly unlike those concrete ones existing among civilized men. This assumption involves ignorance of the fact that civilized society is, of necessity, an artificial one, and that purely abstract arguments, which do not deign even to recognize that this society is *not an untaxed one*, are wholly unfitted to its conditions, and therefore inapplicable to it, and unsound and fallacious when so applied. Hence the unjustifiable nature of the pre-

The Artificial Development of Nations and their Industries.

In dealing with this society of ours, which we call the nation, we cannot too clearly, distinctly, and persistently bear in mind that it exists, one among many nations, each of which has more or less developed an artificial existence, and not a single one of which has industries all of which bear perfect and harmonious relations to each other; that some one or more of these countries has one or many industries which we ourselves have, and which are developed to a greater extent than our own. Once more, we must remember that association with his fellow-men is the first, the greatest, the paramount need of man; that the more complete the diversification of employments, the greater this power of association, the greater the motion in society, the less the loss of labor-power, the greater the ability to subject to the human will and use the forces of nature, the less the expenditure of human labor in converting raw materials into finished commodities, the greater the power to command an ample supply of money, the instrument of association, and the lower the rate of interest—the precious metals travelling *from* those places where employments are *not* diversified and where the rate of interest is high, *to* where they *are* diversified, and where the rate of interest is low.

The artificial and inharmonious development of the industries of other nations calls, in turn, for artificial provisions against any movements of these industries in the direction of the destruction of the more or less happy balance of industries existing or trying to exist among ourselves—this balance being a measure of the power which we ourselves have actually developed. These provisions are especially essential the world over against the competing industries of Great Britain; the well-recognized and even avowed selfish and wicked policy of which is industrial warfare, with a view to the centralization of wealth in the would-be workshop of the world.*

tense of this philosopher that he is a free trader. How can he be such, when he entirely ignores the fact that trade at home—the great trade—is not free and cannot be so, because of the overmastering necessity for taxation; and that this taxation finally falls upon the producers, against whom his whole system is intended to be, and is, a persistently aggressive and even slanderous warfare? In the paradise of free foreign trade, England, it has recently been decided that a clergyman could not sell a small quantity of milk to one of his neighbors without first taking out a license; and yet there the most nearly universal object of worship is that of so-called "free trade!"

* How this is carried into practical effect is shown in the following passage from a Report made to Parliament some years since by Mr. Tremenhoe:—

"The laboring classes generally in the manufacturing districts of this country, and especially in the

These provisions against the destruction of the harmonious balance of industries are known under the name of

Protection,

a policy which not merely rests upon the foundations of justice, but which is vindicated by all history; whether that history be of England, France, Belgium, Russia, or the German Empire, the power of all of which has been built up by this policy, or of Ireland, Turkey, Egypt, Portugal, India, Japan, or Jamaica, the power of which has been destroyed by the absence of it. It is vindicated at every step in our own history, from the settlement of the colonies to the present hour; each period of free foreign trade having caused an impoverishment of the people, the colonies, the States or the nation, and each period of protection, after protection became possible by independence, having caused the rescue of both people and governments from wretchedness, bankruptcy and despair.

The War of the Rebellion Due to Free Foreign Trade.

Further, *I here deliberately and distinctly charge that every soldier who died of wounds, disease, or exposure, and every other man and every woman and child who died by reason of the late war of the rebellion, died a victim of the free foreign trade policy and more particularly of that of the tariffs of 1846 and 1857.* Had the policy of the tariff of 1842 been maintained continuously, there would have been no rebellion, for through diversification of employments and the development of the mineral resources of the South, labor would have been elevated, land in-

iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense losses which their employers voluntarily incur in bad times, in order to destroy foreign competition, and to gain and keep possession of foreign markets. Authentic instances are well known of employers having in such times, carried on their works at a loss amounting in the aggregate to £300,000 or £400,000 in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression, and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. The large capitals of this country are the great instruments of warfare if the expression may be allowed against the competing capitals of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized." Report of the C. Commissioner, etc., in the Mining Districts. 1854. p. 20. Lon., 1854.

Further under a revenue system of duties on cotton

increased in value* and divided,† and slavery would have long since been in process of extinguishment; this disease being one which only fastens itself on communities of low vitality, that is, where there is no active power of association—its existence actually unerringly meaning this. The undeveloped coal of the old State of Virginia alone possesses a labor power exceeding that of all the slaves in the South in 1861, for hundreds of years. Further, I charge that the anarchy and ruin in the South after the close of the war were a result of the destruction of the power of association, by the contraction of that best of currencies, the greenback, when in 1865 it should have been expanded, in order to provide for the great and pressing needs of the South.‡

goods of five per cent., quite a handsome industry has grown up at Calcutta; but the cotton manufacturers of Manchester never ceased their exertions until they prevailed upon the British Government to repeal these duties, not under pretense of benefiting the people of India, but for the aggrandizement of these manufacturers themselves. This was done in the face of the fact that the revenues were actually needed, and of the notorious poverty and wretchedness of the people of India, who at times die of famine by millions in a single year.

* Land is valuable in proportion to the power of association among men, which is developed on or near to it. This is it that the establishment of a single factory, machine shop or ship yard, in a locality which before has had one, adds to the value of all the surrounding land. Perhaps the most valuable ground in the whole world is that in Wall street, New York, or in the immediate neighborhood of the Bank of England, London. In such places as these latter not merely is the power of association among the people comprising these communities great, but they, through control of credit, largely control that power among mankind even to the remotest corners of the earth—a consummation in a high degree of the aims and aspirations of all who struggle for individual wealth, which merely means power to command the services of the largest possible body of men. In the light of such facts as these, which are of every day's observation, in regard to the effects of industries upon the value of land, how false and absurd the gabble of those who treat American productive industries as things which merely inure to the benefit of the heads of the concerns which prosecute such industries.

† The man who is firmly planted on the land, and that land his own, while he thereby possesses immensely increased power of association with his fellow-men, through this saving-bank for his labor-power, is not under the imperative necessity of instantly so associating or of turning tramp or beggar, or of dying of starvation, as is the landless man. Land is in fact the complement to man; the two making up a tolerably complete instrument or force, while man alone is a very incomplete and dependent one. The mass of the people throughout the world instinctively recognize this great fact, or rather, the traditions of all races have taught it. Hence the efforts, the struggles, the a-pirations of mankind in the past and the present, as they will be in the future, to possess the land.

‡ The government in 1862 called to its aid the Greenback, because it was under the necessity of bringing about a more active and full power of association between itself and the people, as soldiers and sailors, and as the furnishers of transportation, food, clothing, munitions of war, coal, ships, etc., than the then existing instrument of association was capable of doing. When the emergency was over, in the most dastardly manner, it almost instantly moved in the direction of the abandonment of this new instrument, by contracting its volume, thus throwing the burden directly and with crushing effect, upon the weak, many of whom were driven to the wall, and even to despair, prostitution and suicide; while the strong became possessed of their property. And

Where alone we may look for Light and Guidance.

The orthodox system of political economy, with its false fundamental doctrines, Ricardo's theory of rent and Malthus's law of population, and its shibboleth, free trade, the chief claims to the acceptance of which shibboleth are that it would relieve a people from the burden of the duties on foreign commodities, which are said to be added in the same measure to the price of the whole of like domestic production, and give them things cheap, but which we have seen it does not do; a system which ignores the fact that civilized man lives and moves in an artificial society, will not help or guide us in the work before us because it has no knowledge of the real

yet some of the heartless and wicked men who took the lead in this infamous work now cry out against that "monopoly" which they thus created, by breaking down the weak and building up the strong, as lustily as they did in 1865-1878 against "inflation." The modern annals of the world may be searched in vain for any acts of confiscation and oppression more far reaching than these.

If the government desired to commit the folly of bringing about what are facetiously called "specie payments," in which no specie is used except for small change and even but little paper money, but where nearly all large payments are made in mere bank credits, now more inflated than ever before, it should have done it in a straightforward, honest, and manly way, as the very poor Italian government is now doing, by the purchase of the specie. Then would the burden have fallen on the broad shoulders of the government and through it secondarily, mildly and by slow degrees upon each and every man, woman and child in the land in proportion to his or her means, through legitimate measures of taxation. As it was, the burden was cast off by the State, directly upon the people, destroying the power of association, involving a loss of not less than \$30,000,000,000, which mainly fell upon those least able to bear it, and inured to the benefit of those who were enabled to take advantage of their necessities by buying up depreciated property; the owners of which still continued to stagger under a load of unsatisfied debts. About thirty years ago Baron Bunsen stated that the effects of the thirty years' war, which closed in 1648, had not then disappeared from Germany. Neither will the effects of the "re-emption" of 1865-79, have in two centuries disappeared from among the people of these United States; although the descendants of those of its victims who have been "ploughed under" by it, will be as little regarded in that connection as the stubble which the husbandman's plow year after year places beneath the surface of the soil.

and paramount conditions governing man in his relations to his fellow-men.

We must therefore once and for all wholly dismiss from our acceptance and consideration this false system, which reasons from assumptions and not from facts, and turn to that bright and beautiful one of American origin and development, so full of hope and cheer to man, based upon induction and analysis, and through them on the real relations of man to his fellow-men, and to the earth which he inhabits; some glimpses of which, indicative of THE NECESSARY FOUNDATIONS OF INDIVIDUAL AND NATIONAL WELL-BEING AND OF CIVILIZATION, I have endeavored to open up to your view this evening.

The Spirit in which this Subject should be Studied.

Let me beg that each of my auditors will, to the end that he may see, and accept the truth, in the words of Sir John Herschel, "Strengthen himself by something of an effort and a resolve for the unprejudiced admission of any conclusion which shall appear to be supported by careful observation and logical argument, even should it prove of a nature adverse to notions he may have previously formed for himself, or taken up without examination on the credit of others. Such an effort is, in fact," as he adds, "a commencement of that intellectual discipline which forms one of the most important ends of all science. It is the first movement of approach towards that state of mental purity which can alone fit us for a full and steady perception of moral beauty as well as physical adaptation. It is the 'euphrasy and rue,' with which we must purge our sight before we can receive and contemplate as they are the lineaments of truth and nature"—THAT TRUTH A KNOWLEDGE OF WHICH SHALL, INDEED, MAKE YOU AND ALL MEN FREE.

